



State of New Jersey

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June 18, 2020

BY CERTIFIED AND ELECTRONIC MAIL

Mr. Alan N. Furst, Executive Director
Community Psychiatric Institute, Inc.
67 Sanford Street
East Orange, NJ 07018

RE: Closing Report – Community Psychiatric Institute, Inc.

Dear Mr. Furst:

As part of its oversight of the Medicaid and New Jersey FamilyCare programs (Medicaid), the New Jersey Office of the State Comptroller, Medicaid Fraud Division (MFD) audited claims for partial-care services submitted by Community Psychiatric Institute, Inc. (CPI) for the period July 1, 2014 through March 31, 2019 (audit period). MFD hereby provides you with this Closing Report.

Executive Summary

MFD conducted this audit to determine whether CPI billed for partial-care services in accordance with applicable state and federal laws, regulations, and guidance. For audit testing purposes, MFD reviewed a probe sample of 61 partial-care claims from a statistically valid sample of 200 claims. The statistical sample was drawn from a universe of 173,403 claims CPI billed under New Jersey local procedure code Z0170 during the audit period. Auditors routinely test information contained in a statistical sample to analyze large volumes of data in an efficient manner. From a sample, auditors can assess an audit subject's compliance with stated objectives and quantify the subject's potential repayment obligations. As a preliminary step, auditors may review a subset of the sample (known as a probe sample) to make an initial determination as to whether there is a sufficient level of noncompliance to warrant an analysis of the entire sample.

MFD reviewed a probe sample, which consisted of 61 partial-care claims, and found that all 61 of these claims (100 percent) complied with the regulations and guidance these claims were being tested against, *N.J.A.C. 10:66-2.7*, *N.J.A.C. 10:49-9.8*, and the

Department of Human Services, Division of Medical Assistance and Health Services (DMAHS) Newsletter, Vol. 14 No. 42, June 2004. Specifically, MFD found that CPI's documentation for these 61 claims did support the number of units (hours) billed. Accordingly, please be advised that MFD is closing this audit and CPI does not have to take any further action regarding this matter.

Background

CPI, located in East Orange, NJ, is a private not-for-profit mental health and substance abuse facility. CPI provides partial-care services to over 130 beneficiaries on a daily basis. CPI primarily bills for services under New Jersey local procedure code Z0170 (Partial Care, Per Hour).

The Division of Mental Health and Addiction Services (DMHAS), within the New Jersey Department of Human Services, is responsible for administering the state's mental health and addiction programs. One of these programs, which is available to Medicaid beneficiaries, is "partial-care." This program provides individualized outpatient clinical services (e.g., group and individual therapy, prevocational services, and medication management) to beneficiaries age 18 or older with a primary diagnosis of psychiatric disorder accompanied by an impaired ability to perform activities of daily living, learning, working, or social roles.

Among other requirements, partial-care service providers are required to: (1) provide mental health services by, or under the direction of, a psychiatrist; (2) perform a comprehensive intake evaluation; (3) develop and periodically review a written, individualized plan of care for each Medicaid beneficiary; (4) maintain written documentation to support each medical/remedial therapy service, activity, or session for which billing is made; (5) document individual services on a daily basis; and (6) write progress notes documenting the services provided at least once per week. More specifically, partial-care service providers must document the specific services rendered, including the date and time of each service, service duration, signature of the practitioner who rendered the service, the setting in which services were rendered, and any unusual occurrences or significant deviations from the treatment described in the plan of care.

Objective

The objective of this audit was to determine whether CPI appropriately documented and billed for services in accordance with state and federal laws and regulations and state guidance.

Scope

The audit scope entailed a review of CPI's Medicaid claims for partial-care services from July 1, 2014 through March 31, 2019. This audit was conducted pursuant to MFD's

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authority as set forth in *N.J.S.A. 52:15C-23* and the *Medicaid Program Integrity and Protection Act, N.J.S.A. 30:4D-53 et seq.*

Audit Methodology

MFD's audit methodology consists of the following:

- Selecting a probe sample of 61 partial-care claims from a full statistically valid sample of 200 claims. The full statistical sample was drawn from a universe of 173,403 claims billed by CPI using New Jersey local procedure code Z0170.
- Reviewing CPI's records related to the 61 claims to determine whether the documentation provided complied with the requirements of *N.J.A.C. 10:49-9.8*, *N.J.A.C. 10:66-2.7*, and DMAHS Newsletter, Vol. 14 No. 42, June 2004.

Audit Findings

MFD reviewed CPI's documentation for the statistically valid random probe sample of 61 Medicaid paid claims for partial-care code Z0170 to determine whether CPI's documentation and claims satisfied the above-referenced requirements. MFD's review found that CPI's documentation supported the partial-care units billed to and paid by Medicaid for each claim in MFD's probe sample. Based on this analysis of the probe sample, MFD is reasonably certain that CPI complied with the relevant documentation and billing requirements for partial-care code Z0170, during the audit period.

For the reasons outlined above, MFD is closing this audit without making any adverse findings. Accordingly, CPI does not need to take any action at this time. MFD's decision to close this audit is based on its review of a probe sample of claims for partial-care code Z0170 from the audit period July 1, 2014 through March 31, 2019. As such, MFD reserves the right to audit CPI for other periods and/or to determine whether other types of CPI claims complied with state and federal laws, regulations, and guidance.

Thank you for your attention to this matter.

Sincerely,

KEVIN D. WALSH
STATE COMPTROLLER

By: /s/Josh Lichtblau
Josh Lichtblau, Director
Medicaid Fraud Division

c: Kay Ehrenkrantz, Deputy Director, MFD
Michael Morgese, Audit Supervisor, MFD